

Portfolio managers

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(Industry since 1990)

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(Industry since 2011)

Objective

The strategy seeks long-term capital appreciation by investing in companies with the potential to produce strong financial returns and positive environmental and social outcomes.

Composite

Putnam Sustainable Future

Inception

November 30, 2017

Total strategy assets

\$703.62M

Total strategy assets may include accounts that are not reflected in the composite.

Benchmark

Russell Midcap Growth Index

Sustainable Future

Investing in sustainable solutions

Solutions companies

We believe solutions-oriented companies with potential to create positive social and environmental impact often demonstrate potential for strong growth and long-term financial performance.

Active research process

A framework grounded in fundamental research and focused on impact-oriented sustainability solutions drives investment decisions.

Integrated, experienced team

The experienced, dedicated sustainable investing team is integrated within Putnam's equity research group.



Summary commentary

Performance: The Putnam Sustainable Future strategy slightly underperformed the Russell Midcap Index during the second quarter of 2021, a particularly strong period for the benchmark, which increased more than 11%. Positive contribution from security selection was offset by a negative impact from sector allocation decisions, particularly an overweight to the materials sector.

Positioning: Portfolio positioning is a by-product of our fundamental research. By sector, the portfolio is most overweight healthcare, materials, and financials, and most underweight consumer discretionary, industrials, and information technology.

Increased: The annual benchmark reconstitution occurred during the quarter, which caused some significant shifts in relative positioning. An increased overweight to healthcare was most notable, however, this was primarily due to a decline in the benchmark exposure.

Decreased: Similarly, increased underweights to industrials and consumer discretionary were the result of increased benchmark exposures.

Composite performance (annualized) as of June 30, 2021

	Q2	YTD	1 year	3 years	Since inception
Gross	10.34%	13.18%	54.94%	27.84%	25.91%
Net	10.19	12.87	54.08	27.13	25.22
Benchmark	11.07	10.44	43.77	22.39	20.36
Relative return (gross)	-0.73	2.74	11.17	5.45	5.55
Relative return (net)	-0.88	2.43	10.31	4.74	4.86

Calendar-year composite performance as of June 30, 2021

	2020	2019	2018	2017*
Gross	54.41%	31.21%	0.23%	-0.65%
Net	53.55	30.48	-0.32	-0.70
Benchmark	35.59	35.47	-4.75	0.54
Relative return (gross)	18.82	-4.26	4.98	-1.19
Relative return (net)	17.96	-4.99	4.43	-1.24

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*Performance represents inception through December 31, 2017.

Past performance is not a guarantee of future results. An investment in the strategy can lose value.

All data as of June 30, 2021, unless otherwise noted. No assurance can be given that the investment objective return will be achieved or that an investor will receive a return of all or part of his or her investment. Actual results could be materially different from the stated goals. Investors should carefully consider the risks involved before deciding to invest. As with any investment, there is a potential for profit as well as the possibility of loss. Returns are stated in U.S. dollars and include the reinvestment of dividends and interest. Returns less than one year are not annualized. Indexes are unmanaged and do not incur expenses. You cannot invest directly in an index.

Top twenty holdings

	Portfolio	Benchmark	Industry
Danaher	3.4%	0.0%	Health care equipment and supplies
Adobe	3.2	0.0	Software
Applied Materials	2.5	0.0	Semiconductors and semiconductor equipment
Sunrun	2.4	0.0	Electrical equipment
DocuSign	2.2	1.3	Software
Dynatrace	2.2	0.3	Software
Thermo Fisher Scientific	2.2	0.0	Life sciences tools and services
MSCI	2.2	0.7	Capital markets
Chipotle Mexican Grill	2.1	1.1	Hotels, restaurants and leisure
Edwards Lifesciences	2.0	0.0	Health care equipment and supplies
CrowdStrike	1.9	1.0	Software
RingCentral	1.9	0.6	Software
First Republic Bank	1.8	0.0	Banks
Trimble	1.8	0.0	Electronic equipment, instruments and components
Bio-Rad Laboratories	1.8	0.0	Life sciences tools and services
Lululemon Athletica	1.7	1.0	Textiles, apparel and luxury goods
Lightspeed	1.6	0.0	Software
Teladoc Health	1.6	0.0	Health care technology
CooperCompanies	1.6	0.0	Health care equipment and supplies
GoDaddy	1.6	0.0	IT services

Top twenty holdings represent 41.7% of the portfolio and will vary over time. The top 20 holdings included herein are for illustrative purposes only and should not be considered a recommendation to purchase or sell any particular security.

Top active weights

Top 5 overweights	Portfolio	Benchmark	Over/under	Top 5 underweights	Portfolio	Benchmark	Over/under
Danaher	3.4%	0.0%	3.4%	Roku	0.0%	1.3%	-1.3%
Adobe	3.2	0.0	3.2	Match Group	0.0	1.1	-1.1
Applied Materials	2.5	0.0	2.5	Palantir Technologies	0.0	1.0	-1.0
Sunrun	2.4	0.0	2.4	Veeva Systems	0.0	1.0	-1.0
Thermo Fisher Scientific	2.2	0.0	2.2	Agilent Technologies	0.0	1.0	-1.0

Top contributors/detractors

Top 5 contributors	Average portfolio weight	Average benchmark weight	Absolute contribution to return	Top 5 detractors	Average portfolio weight	Average benchmark weight	Absolute contribution to return
CrowdStrike	1.99%	0.69%	0.68%	Array Technologies	0.35%	0.01%	-0.34%
DocuSign	1.87	1.14	0.68	Shoals Technologies	0.34	0.01	-0.21
Adobe	2.97	0.00	0.67	Hologic	1.11	0.33	-0.19
Danaher	3.37	0.00	0.60	Laird Superfood	0.74	0.00	-0.17
MSCI	2.10	1.07	0.52	United Rentals	1.35	0.01	-0.10

Portfolio characteristics and holdings are for a representative account and are shown for illustrative purposes only. Each account is managed individually. Accordingly, account characteristics may vary. The inclusion of holdings information in this presentation should not be interpreted as a recommendation to buy or sell or hold any security. The securities identified do not represent all the securities purchased, sold or recommended for client accounts. It should not be assumed that an investment in the securities identified was or will be profitable. Holdings are subject to change. Past performance is not a guarantee of future results. To obtain information regarding the calculation methodology and a list showing every holding's contribution to the overall account's performance during the measurement period, please contact investment_performance_analytics@putnam.com.

Sector weightings

	Underweight	Overweight	Portfolio	Benchmark
Health care		11.0	28.5%	17.5%
Materials		6.0	8.0	2.0
Financials		1.8	6.3	4.5
Utilities		1.2	1.3	0.1
Consumer staples		1.1	3.2	2.1
Energy	-1.5		0.0	1.5
Real estate	-1.8		0.0	1.8
Communication services	-3.2		3.0	6.2
Information technology	-5.3		28.7	34.0
Consumer discretionary	-6.7		9.2	15.9
Industrials	-7.5		6.8	14.3

Market-cap breakdown

Over \$95B	14.95%
\$22B - \$95B	36.82
\$4.7B - \$22B	33.41
Less than \$4.7B	9.85
Cash and other assets*	4.97

*“Cash and other assets” includes cash, short-term securities, ETFs, bonds excluding convertible bonds, and other securities not able to be classified by market capitalization. Portfolio characteristics are for a representative account and are shown for illustrative purposes only. Each account is managed individually. Accordingly, account characteristics may vary.

Portfolio characteristics

	Portfolio	Benchmark
Financial		
Projected 12-month P/E	45.6x	39.7x
Projected 5-year EPS growth rate	17.3%	17.2%
Price/cash flow	36.7x	35.6x
Price/sales	6.9x	4.4x
Dividend yield	0.3%	0.5%
Risk*		
Standard deviation	20.03%	21.54%
Tracking error	4.53%	-

	Portfolio	Benchmark
Other		
Number of holdings	73	390
Cash position	5.0%	-
Portfolio turnover†	46%	-
Active share	83%	-

* Based on a simple regression of monthly gross returns for past three years versus the benchmark.

† Represents the portfolio’s annual turnover rate as of the most recent quarter-end.

Risk statistics are calculated using composite month end return values. All other portfolio characteristics are for a representative account and are shown for illustrative purposes only.

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